Narrative Description: 2016 - 2019

## LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

South Plains Telephone Cooperative, Inc. (the "Cooperative") complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Cooperative operates are outlined in its member services tariff, which is approved by the Public Utility Commission of Texas ("Texas PUC"). The tariff contains provisions regarding the Cooperative's customer service and protection practices.

Service quality standards for voice service are established by the Texas PUC. The Cooperative consistently meets or exceeds those standards and provides reports to the Texas PUC, in accordance with the Texas PUC's rules.

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Cooperative.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed annually with the FCC.

#### LINE 610 - FUNCTIONALITY IN EMERGENCY SITUATIONS

South Plains Telephone Cooperative, Inc. (the "Cooperative") is able to function in emergency situations for both voice and broadband service. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, and mobile generators are at strategic locations to be deployed as needed to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

### LINE 1010 - VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$46.96, which includes the federal subscriber line charge ("SLC").

In the exchanges served by South Plains Telephone Cooperative, Inc. ("the Cooperative"), the highest single-line residential local rate, including any mandatory extended area service charge, is \$14.15. When the federal SLC (\$6.50) and the state universal service fee (\$.52) are included, the rate becomes \$21.17. Therefore, the Cooperative's pricing of fixed voice services is less than the reasonable comparability benchmark of \$46.96.

<sup>&</sup>lt;sup>1</sup> Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

#### LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Residential customers of South Plains Telephone Cooperative, Inc. ("the Cooperative") who qualify for the Lifeline Program receive a discount of \$12.75 on local voice telephony service (\$9.25 federal discount + \$3.50 state discount).

In all but one of the Cooperative's exchanges, the Lifeline single-line residential rate, including any mandatory extended area service charge and the federal subscriber line charge ("SLC"), is \$7.90 (\$20.65 standard rate - \$12.75 discount). This rate applies to the following exchanges: Pettit, Fieldton, Arnett, Hollandville, Caprock, Cone, Mcadoo, County Line, Acuff, Woodrow, Edmonson, Merrell, Cotton Center, Halfway, Happy Union.

In the Cooperative's Ransom Canyon exchange, the Lifeline single-line residential rate, including the federal SLC, is \$6.60 (\$19.35 standard rate - \$12.75 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer's choosing. Customers may elect to subscribe to toll blocking at no charge.

The Cooperative does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline Program reductions do not apply to additional services such as information-related services and custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Additional information regarding the terms and conditions of voice telephony Lifeline plans can be found at <a href="http://www.sptc.net/02/Sect%204%20-%20Lifeline.pdf">http://www.sptc.net/02/Sect%204%20-%20Lifeline.pdf</a>.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions.

searching existing data sources, gathering and maintaining th	o data mooded, and con	sploting and reviewing t	the collection of information,				
USDA-RUS			This date will be used by RUS to review your financial situation. Your	response is required by 7 U.S.C. 901 at seq.			
			and, subject to federal laws and regulations regarding confidential in				
			BORROWER NAME				
OPERATING REP	ORT FOR			<u>.</u>			
		_	South Plains Telephone Cooperative, Inc.				
TELECOMMUNICATIONS	BORROWER	8	(Dunnand odah Androd Done)				
			(Prepared with Audited Data)				
INSTRUCTIONS-Submit report to RUS within 30 days				RROWER DESIGNATION			
For detailed instructions, see RUS Bulletin 1744-2. Re	eport in whole dollar	s only.	December, 2013	TX0517			
		7/2/01/2	RTIFICATION				
	report are in accor	dance with the acci	ounts and other records of the system and reflect the stat	us of the system			
to the best of our knowledge and belief.							
그 중에 가입하다 가입하다 가입하다 하다 하는 것이 되었다면 하지 않는데 하는데 하는데 되었다.			I, RUS, WAS IN FORCE DURING THE REPORTIN	G PERIOD AND			
RENEWALS HAVE BEEN OBTAINE	D FOR ALL PO	LICIES.					
DURING THE PERIO	D COVERED BY	THIS REPORT	PURSUANT TO PART 1788 OF 7CFR CHAPTER X	VII			
		(Check one	of the following)				
X All of the obligations under the RUS loan good	umanto		There has been a default in the fulfillment of the oblig	Minne			
have been fulfilled in all material respects.	W I MITO		under the RUS loan documents. Said default(s) is/an				
			specifically described in the Telecom Operating Repo	n			
Scotty Hart		3/26/2014					
	•	DATE	•5				
			A. BALANCE SHEET				
	BALANCE	BALANCE	44/34/44/4/4/4/4/4/4/4/4/4/4/4/4/4/4/4/	BALANCE BALANCE			
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	PRIOR YEAR END OF PERIO			
CURRENT ASSETS		· · · · · · · · · · · · · · · · · · ·	URRENT LIABILITIES	Š			
1. Cash and Equivalents			5. Accounts Payable	ì			
2. Cash-RUS Construction Fund				<del>-    </del>			
			8. Notes Payable	<del>-  </del>			
3. Affiliates:			7. Advance Billings and Payments				
a. Telecom, Accounts Receivable			8. Customer Deposits				
b. Other Accounts Receivable			9. Current Mat. L/T Debt				
c. Notes Receivable			Current Mat. L/T Debt-Rur. Dev.				
4. Non-Affiliates:			1. Current MatCapital Leases				
a, Telecom, Accounts Receivable			2. Income Taxes Accrued	<del></del>			
			3. Other Texes Accrued	<del></del>			
b. Other Accounts Receivable							
c. Notes Receivable			Other Current Liabilities				
Interest and Dividends Receivable			5. Total Current Liabilities (25 thru 34)				
Material-Regulated			ONG-TERM DEBT				
7. Material-Nonregulated			8. Funded Debl-RUS Notes				
8. Prepayments			7. Funded Debt-RTB Notes				
9. Other Current Assets			8. Funded Debt-FFB Notes				
10. Total Current Assets (1 Thru 9)			19. Funded Debl-Other	i			
				<del>-</del>			
NONCURRENT ASSETS			0. Funded Debt-Rural Develop, Loan				
11. Investment in Affiliated Companies			1. Premium (Discount) on L/T Debt				
a. Rural Development			2. Reacquired Debt				
b. Nonrural Development			13. Obligations Under Capital Lease				
12. Other Investments			14. Adv. From Affiliated Companies	ħ			
a. Rural Development			5. Other Long-Term Debt	1			
b. Nonrural Development			18. Total Long-Term Debt (36 thru 45)				
			OTHER LIAB. & DEF. CREDITS	Ti i			
13. Nonregulated Investments				4			
14. Other Noncurrent Assets			77. Other Long-Term Liabilities	V			
15. Deferred Charges			48. Other Deferred Credits				
16. Jurisdictional Differences			49. Other Jurisdictional Differences				
17. Total Noncurrent Assets (11 thru 18)			50. Total Other Liabilities and Deferred Credits (47 thru 48)				
PLANT, PROPERTY, AND EQUIPMENT			EQUITY	CO. 110			
18. Telecom, Plant-in-Service			51, Cap. Stock Outstand, & Subscribed				
				/			
19. Property Held for Future Use			52. Additional Paid-in-Capital				
20. Plant Under Construction			53. Treasury Stock				
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates				
22. Less Accumulated Depreciation			55. Other Capital				
23. Net Plant (18 thru 21 less 22)			58. Patronage Capital Credits				
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	1			
			58. Total Equity (51 thru 57)				
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	1			

USDA-RUS

### **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

TX0517

PERIOD ENDING

	December, 2013		
INSTRUCTIONS- See RUS Bulletin 1744-2	100		
PART B. STATEMENTS OF INCOME A	ND RETAINED EARNING	SS OR MARGINS	
ITEM		PRIOR YEAR	THIS YEAR
Local Network Services Revenues			
Network Access Services Revenues			
Long Distance Network Services Revenues			
Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization	on)		
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items	A SAME THE SAME		
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
Retained Earnings or Margins Beginning-of-Year     Miscellaneous Credits Year-to-Date			
Miscellaneous Credits Year-to-Date     Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+3)	211		
40. Patronage Capital Beginning-of-Year	7/1		
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			
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## OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

TX0517

PERIOD ENDED

December, 2013

INSTRUCTIONS - See RUS Bulletin 1744-2

Part C. SUBSCRIBER (ACC			O CIMB	COURTER MACCECC I MI			
1, RATES		The second distribution of the second distributi	CRIBERS (ACCESS LIN	3. ROUTE MILES			
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber)	FIBER (b)
Pettit	16.90	10.65	(6)	(6)	(0)	(6)	(0)
Fieldton	16.90	10.65					
Amett	16.90	10.65					
Hollandville	16.90	10.65					
Caprock	16.90	10.65					
Cone	16,90	10.65					
McAdoo	16.90	10.65					
County Line	16.90	10.65					
Ransom Canyon	17.35	12.85					
Acuff	16.90	10.65					
Woodraw	16.90	10.65					
Edmonson	16.90	10.65					
Merrell	20.40	14.15					
Cotton Center	16.90	10.85					
Halfway	16.90	10.65					
Happy Union	16.90	10.65		Control of the control			
MobileWireless							
Route Mileage Outside Exchange Area		2					
Total			3				
No. Exchanges	16						

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# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

TX0517

PERIOD ENDED

December, 2013

INSTRUCTIONS - See RUS Bulletin 1744-2

	ranc	. SUBSCRIBER (A		BROADBAND SER		DATA INFORM	HON	
			Details on Least Expensive Broadband Service					
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Pettit				1,500	768	30.00	StandAlone	DSL
Fieldton				1,500	768	30,00	StandAlone	DSL
Arnett				1,500	768	30.00	StandAlone	DSL
-lollandville	Í			1,500	768	30.00	StandAlone	DSL
Caprock				1,500	768	30.00	StandAlone	DSL
Cone				1,500	768	30.00	StandAlone	DSL
McAdoo				1.500	768	30.00	StandAlone	DSL
County Line	j			1,500	768	30.00	StandAlone	DSL
Ransom Canyon				1,500	768	30.00	StandAlone	DSL
Acuff				1,500	768	30,00	StandAlone	DSL
Noodrow				1,500	768	30.00	StandAlone	DSL
dmonson				1,500	768	30.00	StandAlone	DSL
Merrell	l,			1,500	768	30.00	StandAlone	DSL
Cotton Center				1,500	768	30.00	StandAlone	DSL
Halfway				1,500	768	30.00	StandAlone	DSL
Happy Union				1,500	788	30.00	StandAlone	DSL

USDA-RUS			BORROWER DESIGNATION			
OPERATING REPORT FOR			TX0517	TX0517		
TELECOMMUNICATIONS BORROWERS			PERIOD ENDING	PERIOD ENDING		
			December, 2	013		
INSTRUCTIONS- See RUS Bulletin 1744-2						
	PART D. SYSTEM	DATA				
No. Plant Employees     23     2. No. Other Employees     19	3. Square Miles Served	2,335	4. Access Lines per Squaze	Mile 1.63	5. Subscribers per Route Mile . 76	
	PART E. TOLL	DATA				
Study Area ID Code(s)     Z. Types of Toll Sc	ettlements (Check on	e)				
a. 809154		Interstate:	Average Schedule		X Cost Basis	
b		Intrastate:	Average Schedule	r.	X Cost Basis	
d						
e						
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0						
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	and the same and t					
PART F. FU	INDS INVESTED IN	PLANT DURING YE	AR			
RUS, RTB, & FFB Loan Funds Expended						
2. Other Long-Term Loan Funds Expended						
Funds Expended Under RUS Interim Approval						
4. Other Short-Term Loan Funds Expended						
General Funds Expended (Other than Interim)						
6. Salvaged Materials						
7. Contribution in Aid to Construction						
8. Gross Additions to Telecom. Plant (1 thru 7)						
PART G. IN	VESTMENTS IN AFF	ILIATED COMPANI	ES	Nine 1		
	CURRENT	YEAR DATA		CUMULATIVE D	ATA	
			Cumulative	Cumulative		
INVESTMENTS	Investment	Income/Loss	Investment	Income/Loss	Current	
80 PMT PAGET 172 073	This Year	This Year	To Date	To Date	Balance	
(a)	(6)	(0)	140	(0)	Ø	
Investment in Affiliated Companies - Rural Development						
2. investment in Affiliated Companies - Nonrural Development						

## USDA-RUS BORROWER DESIGNATION TX0517 OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS PERIOD ENDING December, 2013 PART H. CURRENT DEPRECIATION RATES Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) X YES NO **EQUIPMENT CATEGORY DEPRECIATION RATE** 1. Land and support assets - Motor Vehicles 2. Land and support assets - Aircraft Land and support assets - Special purpose vehicles Land and support assets - Garage and other work equipment Land and support assets - Buildings Land and support assets - Furniture and Office equipment Land and support assets - General purpose computers Central Office Switching - Digital 9. Central Office Switching - Analog & Electro-mechanical Central Office Switching - Operator Systems 11. Central Office Transmission - Radio Systems 12. Central Office Transmission - Circuit equipment 13. Information origination/termination - Station apparatus 14. Information origination/termination - Customer premises wiring 15. Information origination/termination - Large private branch exchanges 16. Information origination/termination - Public telephone terminal equipment 17. Information origination/termination - Other terminal equipment 18. Cable and wire facilities - Poles 19. Cable and wire facilities - Aerial cable - Metal 20. Cable and wire facilities - Aerial cable - Fiber 21. Cable and wire facilities - Underground cable - Metal 22. Cable and wire facilities - Underground cable - Fiber 23. Cable and wire facilities - Buried cable - Metal 24. Cable and wire facilities - Buried cable - Fiber 25. Cable and wire facilities - Conduit systems 26. Cable and wire facilities - Other

	USDA-RUS	BORROWER DESIGNATION
		TX0517
1	OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	PERIOD ENDED
		December, 2013
INST	RUCTIONS - See help in the online application.	
_	PART 1 – STATEMENT OF	CASH FLOWS
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
	CASH FLOWS FROM OPERATING ACTIVE	TIES
2.	Net Income	
<u> </u>	Adjustments to Reconcile Net Income to Net Cash Provided b	y Operating Activities
3.	Add: Depreciation	
5.	Add: Amortization	
J.	Other (Explain) Excise Tax Refund & Gain on Plant Retirements	
	Changes in Operating Assets and Liabilitie	es .
6.	Decrease/(Increase) in Accounts Receivable	
7.	Decrease/(Increase) in Materials and Inventory	
8.	Decrease/(Increase) in Prepayments and Deferred Charges	
9.	Decrease/(Increase) in Other Current Assets	
10.	Increase/(Decrease) in Accounts Payable	
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	
13.	Net Cash Provided/(Used) by Operations	
	CASH FLOWS FROM FINANCING ACTIVIT	nes
14.	Decrease/(Increase) in Notes Receivable	
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other LiabIlities & Deferred Credits	
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Cert	ificates & Other Capital
20.	Less: Payment of Dividends	
21.	Less: Patronage Capital Credits Retired	
22.	Other (Explain)	
23.	Net Cash Provided/(Used) by Financing Activities	
	CASH FLOWS FROM INVESTING ACTIVIT	TIES
24.	Net Capital Expenditures (Property, Plant & Equipment)	
25.	Other Long-Term Investments	
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain) Orginal Cost of Plant Retirements & net salvage	
28.	Net Cash Provided/(Used) by Investing Activities	
29.	Net Increase/(Decrease) in Cash	
30.	Ending Cash	The state of the s

USDA-RUS	BORROWER DESIGNATION		
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	TX0517		
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013		
NOTES TO THE OPERATING REPO	ORT FOR TELECOMMUNICATIONS BORROWERS		

USDA-RUS	BORROWER DESIGNATION		
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	TX0517		
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDÉD December, 2013		
CERTIFICATION LOAN DEFAULT NOTES TO THE (	OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		